



<b>Meeting:</b>	Audit & Governance Committee
<b>Meeting date:</b>	28 <sup>th</sup> January 2026
<b>Report of:</b>	Debbie Mitchell, Director of Finance (S151 Officer)
<b>Portfolio of:</b>	Councillor Lomas, Executive Member for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion

## **Audit and Governance Committee Report:** Monitor 3 2025/26 – Key Corporate Risks

### **Subject of Report**

1. The purpose of this paper is to present Audit & Governance Committee with an update on the key corporate risks (KCRs) for City of York Council (CYC), which is included at Annex A.

### **Policy Basis**

2. The effective consideration and management of risk within all the council's business processes helps support the administration's key commitments and priorities as outlined in the Council Plan 2023-2027.

### **Recommendation and Reasons**

3. Audit and Governance Committee are asked to:
  - a) consider and comment on the key corporate risks included at Annex A, summarised at Annex B;
  - b) note and provide feedback on the in-depth review of KCR 7 (Capital Program) at Annex C;
  - c) provide feedback on any further information that they wish to see on future committee agendas;

Reason:

To provide assurance that the authority is effectively understanding and managing its key risks.

## Background

4. The role of Audit & Governance Committee in relation to risk management is to receive;
  - assurance with regards to the governance of risk, including leadership, integration of risk management into the wider governance arrangements of the council including CMT ownership and accountability
  - the up-to-date key corporate risk profile including the effectiveness of risk management actions; and
  - monitoring the effectiveness of risk management arrangements in supporting the development and embedding of good practice across the organisation
5. Risks are usually identified in three ways at the Council;
  - A risk identification workshop to initiate and/or develop and refresh a risk register. The risks are continually reviewed through directorate management teams (DMT) sessions.
  - Risks are raised or escalated on an ad-hoc basis by any employee
  - Risks are identified at DMT meetings
6. Due to the diversity of services provided, the risks faced by the authority are many and varied. The Council is unable to manage all risks at a corporate level. Best practice is to focus on the significant risks to the council's objectives these are known as the key corporate risks (KCRs).
7. The corporate risk register is held digitally in 'Magique'. The non KCR risks are specific to council directorates and consist of both strategic and operational risk. Operational risks are those which affect day to day operations and underpin the directorate risk register. All

operational risk owners are required review their risks on a regular basis and inform the risk management service of any changes.

8. In addition to the current KCRs, in line with the RM policy, risks identified by any of the Directorates can be escalated to Council Management Team (CMT) for consideration as to whether they should be included as a KCR. KCRs are reported and discussed quarterly with CMT and Portfolio Holders. KCR's can also be reduced to directorate level risk as part of this process.

### **Key Corporate Risk (KCR) update**

9. There are currently 11 KCRs which are included at Annex A in further detail, alongside progress in managing the risks.
10. At A&G on 30<sup>th</sup> July A&G members asked for the Capital Programme risk to be brought forward and it has replaced KCR 5 'Safeguarding' in this monitor (Monitor 3). There was also a discussion around whether subsequent risks arising from the implementation of the local plan may give rise to a further/new KCR's. To date officers have not brought any forward however CMT are undertaking a risk workshop in February 2026 which will allow them to review and consider all existing and new KCR's.
11. Annex B provides a one-page summary of all the KCR's and their current gross and net risk ratings.
12. In summary the key risks to the Council are:
  - KCR1 – Financial Pressures: The Council's increasing collaboration with partnership organisations and ongoing government funding cuts will continue to have an impact on Council services
  - KCR2 – Governance: Failure to ensure key governance frameworks are fit for purpose.
  - KCR3 – Effective and Strong Partnership: Failure to ensure governance and monitoring frameworks of partnership arrangements are fit for purpose to effectively deliver outcomes.
  - KCR4 – Changing Demographics: Inability to meet statutory deadlines due to changes in demographics

- KCR5 – Safeguarding: A vulnerable child or adult with care and support needs is not protected from harm
- KCR6 – Health and Wellbeing: Failure to protect the health of the local population from preventable health threats.
- KCR7 – Capital Programme: Failure to deliver the Capital Programme, which includes high profile projects
- KCR8 – Communities: Failure to ensure we have resilient, cohesive, communities who are empowered and able to shape and deliver services.
- KCR9 – Workforce Capacity: Reduction in workforce/ capacity may lead to a risk in service delivery.
- KCR10 – External market conditions: Failure to deliver commissioned services due to external market conditions.
- KCR11 – Major Incidents: Failure to respond appropriately to major incidents. This includes regular incidents such as Flood and a Major fire to national and international incidents such as Pandemic, Climate change, Supply chain failure.

13. Risks are scored at gross and net levels. The gross score assumes controls are in place such as minimum staffing levels or minimum statutory requirements. The net score will consider any additional measures which are in place such as training or reporting. The risk scoring matrix is included at Annex D for reference.

14. The following matrix categorises the KCRs according to their net risk evaluation. To highlight changes in each during the last quarter, the number of risks as at the previous monitor are shown in brackets.

<b>Impact</b>					
Critical					
Major		1 (1)	4 (5)	1 (1)	
Moderate		1 (1)	3 (3)	1 (1)	
Minor					
Insignificant					
<b>Likelihood</b>	Remote	Unlikely	Possible	Probable	Highly Probable

15. By their very nature, the KCRs remain reasonably static with any movement generally being in further actions that are undertaken which strengthen the control of the risk further or any change in the risk score. In summary, key points to note are as follows;

- New Risks- No new KCRs have been added since the last monitor.
- Increased Risks – No KCRs have increased their net risk score since the last monitor
- Reduced Risks – No KCRs have reduced their net risk score since the last monitor

### **Updates to KCR risks, actions and controls**

16. KCR 2 – Governance: New risk detail, new implications, new controls and amended actions.

New risk detail:

- Transition to new Cyber Assessment Frameworks (CAF) for NHS Data Security and Protection Toolkit (DSPT) and PSN
- Increasing risk of adverse cyber event.

New implications:

- Operational disruption if restrictions or removal of NHS system access and/or NHS data use, due to non-compliance with CAF
- An adverse cyber event would likely result in significant disruption to key Council services, with short-, medium-, and long-term implications

New controls:

- ICT security check point process in place ahead of new service or system introduction.
- Regular ICT System audit process in place.

- Sessions with CMT and DMT's - raise awareness of digital/cyber risk and security requirements.
- Conduct CAF gap analysis and develop improvement plan.
- Allocate clear ownership for CAF objectives across the council/IG and ICT
- Engage suppliers/contractors to ensure compliance with CAF-aligned requirements
- Continued update of the Council's firewall and countermeasures, together with regular staff communication, exercising of BCPs, and mutual aid arrangements.

New action:

- Information and mitigation has been added in relation to prospective change to Cyber Assessment Frameworks and cyber intrusion.

17. KCR 3 – Effective and Strong Partnerships: New risk detail and addition of new controls:

New risk detail:

- Financial pressure remains with Integrated Care System partners currently undergoing a restructure set against a new DHSC-led “blueprint” with impacts on council not yet understood

New controls:

- Sustainability Leaders Group meets quarterly (in person and online) to discuss climate action, funding opportunities and potential joint projects including active travel planning and energy partnerships.
- York Economic Partnership meets quarterly to explore opportunities for the city, and continue discussions initiated at MCA Business Board
- York and North Yorkshire Business Intelligence group comprised of business representative organisations sharing issues and intelligence from their networks meets monthly

18. KCR 4 – Changing Demographics: Further detail has been provided around the demographic data and where that can be found.
19. KCR 9 – Workforce Capacity: Dates amended for the delivery of the actions
  
20. As agreed at this committee in November 2024, a cycle of in-depth reviews will be carried out whereby one KCR is reviewed in detail and the risk owner attends that meeting to assist with the conversation. This monitor (Monitor 3 2025/26) it is KCR 7 (Capital Program) that is under review.

## **Consultation Analysis**

21. Not applicable

## **Risks and Mitigations**

22. In compliance with the council's Risk Management Strategy, there are no risks directly associated with the recommendations of this report. The activity resulting from this report will contribute to improving the council's internal control environment.

## **Contact details**

For further information please contact the authors of this report.

### **Author**

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## **Background papers**

None

## **Annexes**

- Annex A: Key Corporate Risk Register

- Annex B: Summary of Key Corporate Risks
- Annex C: KCR 7 Capital Program
- Annex D: Risk Scoring Matrix